

**Bear River City  
June 30, 2006**

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## ACCOUNTANTS' REVIEW REPORT

**Davis  
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The Mayor and City Council  
Bear River City  
Bear River City, Utah

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of Bear River City, as of and for the year ended June 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

All information included in these financial statements is the representation of the management of Bear River City.

A review consists principally of inquiries of City personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 2 through 9 and 33 and 34, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. The impact fee worksheet is supplementary information required by the state of Utah. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Davis & Bott*

Davis & Bott

Certified Public Accountants, L.C.

December 18, 2006

**Bear River City**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

As management of Bear River City, Utah, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

- A. The assets of the City exceeded its liabilities at June 30, 2006, by \$1,655,273. Of this amount, unrestricted net assets of \$642,625 may be used to meet the City's ongoing obligations to citizens and creditors.
- B. The total net assets increased by \$75,548 over the prior year. Of this amount, \$45,418 was associated with governmental activities and \$30,130 with business-type activities.
- C. As of the close of the current fiscal year, the City's general fund reported an ending fund balance of \$52,950, an increase of \$35,274 in comparison with the prior year. Of this amount, \$19,208 is reserved for Class "C" road projects and \$33,742 is unreserved and available for spending, and represents 24 percent of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

*See Accountants' Report*

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, roads, parks and cemetery. The business-type activities of the City consist of irrigation, sewer, garbage and street light utilities.

The government-wide financial statements include only the City itself (known as the primary government). There are no component units that should be reported in the City's financial statements.

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

*See Accountants' Report*

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

Both the governmental fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances for the general, capital projects and perpetual care funds. The City considers the general and perpetual care funds to be major funds and the capital projects fund to be a nonmajor fund. The capital projects fund is presented in the financial statements as it is the only nonmajor governmental fund.

The City adopts a one-year budget for its governmental funds. Budgetary comparison statements have been provided.

**Proprietary Funds.** The City maintains only one type of proprietary fund; namely, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the irrigation, sewer, and garbage and street light utility funds.

**Notes to the financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

*See Accountants' Report*

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2006, the City's assets exceeded liabilities by \$1,655,273. By far the largest portion of the City's net assets (60 percent) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 237,161	\$ 190,261	\$ 483,921	\$ 464,987	\$ 721,082	\$ 655,248
Capital assets	<u>745,944</u>	<u>756,312</u>	<u>309,120</u>	<u>313,299</u>	<u>1,055,064</u>	<u>1,069,611</u>
Total assets	983,105	946,573	793,041	778,286	1,776,146	1,724,859
Long-term liabilities outstanding	-	5,000	58,300	69,600	58,300	74,600
Other liabilities	<u>20,806</u>	<u>24,692</u>	<u>41,767</u>	<u>45,842</u>	<u>62,573</u>	<u>70,534</u>
Total liabilities	20,806	29,692	100,067	115,442	120,873	145,134
Net assets:						
Investment in capital assets, net of related debt	745,944	756,312	239,520	232,399	985,464	988,711
Restricted	<u>27,184</u>	<u>17,722</u>	-	-	<u>27,184</u>	<u>17,722</u>
Unrestricted	<u>189,171</u>	<u>142,847</u>	<u>453,454</u>	<u>430,445</u>	<u>642,625</u>	<u>573,292</u>
Total net assets	\$ <u>962,299</u>	\$ <u>916,881</u>	\$ <u>692,974</u>	\$ <u>662,844</u>	\$ <u>1,655,273</u>	\$ <u>1,579,725</u>

The unrestricted net assets of \$642,625 (39 percent) may be used to meet the City's ongoing obligations to citizens and creditors. At June 30, 2006, the City was able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its individual governmental and business-type activities.

*See Accountants' Report*

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 23,801	\$ 29,933	\$ 87,356	\$ 104,145	\$ 111,157	\$ 134,078
Operating grants and contributions	53,366	35,553	18,000	12,500	71,366	48,053
Capital grants and contributions	27,325	-	-	-	27,325	-
General revenues:						
Property taxes	14,988	14,388	-	-	14,988	14,388
Other taxes	70,205	59,983	-	-	70,205	59,983
Other	16,279	10,978	16,929	9,422	33,208	20,400
Total revenues	<u>205,964</u>	<u>150,835</u>	<u>122,285</u>	<u>126,067</u>	<u>328,249</u>	<u>276,902</u>
Expenses:						
General government	102,452	81,981	-	-	102,452	81,981
Public safety	2,223	-	-	-	2,223	-
Highways and public improve.	34,711	47,257	-	-	34,711	47,257
Parks and rec.	16,860	23,305	-	-	16,860	23,305
Irrigation utility	-	-	28,415	23,503	28,415	23,503
Sewer utility	-	-	28,076	65,517	28,076	65,517
Other utility	-	-	39,964	35,294	39,964	35,294
Total expenses	<u>156,246</u>	<u>152,543</u>	<u>96,455</u>	<u>124,314</u>	<u>252,701</u>	<u>276,857</u>
Excess (deficiency) before transfers	49,718	(1,708)	25,830	1,753	75,548	45
Transfer in (out)	<u>(4,300)</u>	<u>(4,300)</u>	<u>4,300</u>	<u>4,300</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	45,418	(6,008)	30,130	6,053	75,548	45
Net assets beginning	<u>916,881</u>	<u>922,889</u>	<u>662,844</u>	<u>656,791</u>	<u>1,579,725</u>	<u>1,579,680</u>
Net assets ending	<u>\$ 962,299</u>	<u>\$ 916,881</u>	<u>\$ 692,974</u>	<u>\$ 662,844</u>	<u>\$ 1,655,273</u>	<u>\$ 1,579,725</u>

See Accountants' Report

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

**Governmental and Business-Type Activities.** Governmental activities increased the City's net assets by \$45,418. When combined with the \$30,130 increase in net assets from business-type activities, overall net assets increased by \$75,548, or 5 percent.

The increase in governmental net assets was mainly due to less work being done on the City's road network and fewer unexpected expenditures. The increase in business-type activities was due mainly to more sewer hookups.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Government Funds.** The purpose of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at June 30, 2006.

The general fund is the City's chief operating fund. At June 30, 2006, unreserved fund balance of the general fund was \$33,742, which comprised 64 percent of the total fund balance. The remaining general fund balance of \$19,208 was restricted for Class "C" road uses. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved general fund balance represented 24 percent of total general fund expenditures. The fund balance of the City's general fund increased by \$35,274 during the fiscal year ended June 30, 2006.

The capital projects fund increased mainly because of transfers from the general fund for anticipated future projects.

The cemetery fund increased mainly because of an increase in perpetual care services.

The irrigation utility fund's net assets increased by \$1,486.

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**Bear River City  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2006**

The sewer utility fund's net assets increased by \$27,855. The garbage and street light utility fund's net assets increased by \$789.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original submitted budget for fiscal year ended June 30, 2005, was modified to increase the budget for repairs due to water damage to the Civic Center and for related insurance proceeds received.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2006, amounted to \$985,464 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, equipment, roads and similar infrastructure. The total decrease in the City's investment in capital assets for the fiscal year ended June 30, 2006, was \$3,247 (a decrease of less than 1 percent for governmental activities and an increase of 3 percent for business-type activities).

**Bear River City's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 83,130	\$ 83,130	\$ -	\$ -	\$ 83,130	\$ 83,130
Buildings	386,039	396,955	-	-	386,039	396,955
Improvements other than buildings	48,330	51,783	306,613	310,356	354,943	362,139
Equipment	37,237	27,280	2,507	2,943	39,744	30,223
Infrastructure	<u>191,208</u>	<u>197,164</u>	<u>-</u>	<u>-</u>	<u>191,208</u>	<u>197,164</u>
Net capital assets	<u>\$ 745,944</u>	<u>\$ 756,312</u>	<u>\$ 309,120</u>	<u>\$ 313,299</u>	<u>\$ 1,055,064</u>	<u>\$ 1,069,611</u>

Additional information on the City's capital assets can be found in Note 3 on page 28 of this report.

See Accountants' Report

**Bear River City**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2006**

**Long-term debt.** At June 30, 2006, the City had \$39,500 in outstanding revenue bonds and \$30,100 in debt secured by the irrigation system.

**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue bonds	\$ -	\$ -	\$ 39,500	\$ 46,500	\$ 39,500	\$ 46,500
Notes payable	-	-	30,100	34,400	30,100	34,400
Total	\$ -	\$ -	\$ 69,600	\$ 80,900	\$ 69,600	\$ 80,900

Total long-term debt decreased by \$11,300 for the fiscal year ending June 30, 2006.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City is in the process of installing a lift station and a new line to the sewer system. Additionally, the City is in the process of eliminating surface water infiltration into the system.

The City proposed an increase in the property tax rate for the fiscal year ended June 30, 2006. This increase was a first of increases needed to bring the property tax valuation back to what it had been in the past. The proposed increase was 10 percent per year until the rate is back to where it was in 1990. The increase in property tax revenue the City received in the fiscal year ended June 30, 2006, was approximately \$1,000.

The City is considering ways of improving the main ditch and increasing the effectiveness of distribution throughout the City. Improvements will be paid for from the irrigation fund.

*See Accountants' Report*

**Bear River City**  
**Statement of Net Assets**  
**June 30, 2006**

	Primary Government		
	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$200,754	\$368,262	\$ 569,016
Accounts receivable - net	850	13,757	14,607
Property taxes receivable	11,854	-	11,854
Sales taxes receivable	14,421	-	14,421
Telecommunications tax receivable	1,306	-	1,306
Class "C" road money receivable	7,976	-	7,976
Prepaid assets	-	7,701	7,701
Restricted cash and cash equivalents	-	94,201	94,201
Capital assets (net of accumulated depreciation):			
Land	83,130	-	83,130
Buildings and improvements	434,369	306,613	740,982
Infrastructure	191,208	-	191,208
Equipment	37,237	2,507	39,744
<b>Total assets</b>	<u>\$983,105</u>	<u>\$793,041</u>	<u>\$1,776,146</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 9,420	\$ 10,851	\$ 20,271
Deferred revenue	11,386	19,616	31,002
Current portion of long-term debt	-	11,300	11,300
Note payable	-	25,800	25,800
Loan payable revenue bonds	-	32,500	32,500
<b>Total liabilities</b>	<u>\$ 20,806</u>	<u>\$100,067</u>	<u>\$ 120,873</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$745,944	\$239,520	\$ 985,464
Restricted for:			
B&C road projects	27,184	-	27,184
Unrestricted	189,171	453,454	642,625
<b>Total net assets</b>	<u>\$962,299</u>	<u>\$692,974</u>	<u>\$1,655,273</u>

*See accompanying notes and Accountants' Review Report.*

# **Bear River City** **Statement of Activities** **For the Year Ended June 30, 2006**

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities	
					Governmental Activities	Total
Governmental activities:						
General government	\$ 102,452	\$ 11,355	\$ -	\$ 24,325	\$ (66,772)	\$ (66,772)
Public safety	2,223	-	605	-	(1,618)	(1,618)
Highways and public improvements	34,711	-	47,361	-	12,650	12,650
Parks and recreation	16,860	12,446	5,400	3,000	3,986	3,986
	<u>156,246</u>	<u>23,801</u>	<u>53,366</u>	<u>27,325</u>	<u>(51,754)</u>	<u>(51,754)</u>
Business-type activities:						
Irrigation utility	28,415	24,621	-	-	-	(3,794)
Sewer utility	28,076	23,236	18,000	-	-	13,160
Other utility	39,964	39,499	-	-	(465)	(465)
	<u>96,455</u>	<u>87,356</u>	<u>18,000</u>	<u>-</u>	<u>8,901</u>	<u>8,901</u>
Total primary governmental activities	<u>\$ 252,701</u>	<u>\$ 111,157</u>	<u>\$ 71,366</u>	<u>\$ 27,325</u>	<u>(51,754)</u>	<u>(42,853)</u>
General revenues:						
Taxes:						
Property taxes					14,988	14,988
General sales and use taxes					70,205	70,205
Other taxes					10,118	10,118
Unrestricted investment earnings					16,929	23,090
Transfers in (out)					(4,300)	-
Total general revenues and transfers					97,172	118,401
Change in net assets					45,418	75,548
Net assets beginning (as restated)					916,881	1,579,725
Net assets ending					\$ 962,299	\$ 1,655,273

See accompanying notes and Accountants' Review Report.

**Bear River City**  
**Balance Sheet - Governmental Funds**  
**June 30, 2006**

	General Fund	Cemetery Fund	Other Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$54,354	\$96,498	\$49,902	\$200,754
Receivables (net):				
Accounts	-	850	-	850
Intergovernmental				
Property tax	11,854	-	-	11,854
Sales tax	14,421	-	-	14,421
Telecommunications tax	1,306	-	-	1,306
Class "C" road	<u>7,976</u>	<u>-</u>	<u>-</u>	<u>7,976</u>
 Total assets	 <u>\$89,911</u>	 <u>\$97,348</u>	 <u>\$49,902</u>	 <u>\$237,161</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 8,172	\$ 1,248	\$ -	\$ 9,420
Deferred revenue	<u>28,789</u>	<u>-</u>	<u>-</u>	<u>28,789</u>
 Total liabilities	 <u>36,961</u>	 <u>1,248</u>	 <u>-</u>	 <u>38,209</u>
 Fund balances:				
Reserved for:				
Class "C" road projects	19,208	-	-	19,208
Unreserved	<u>33,742</u>	<u>96,100</u>	<u>49,902</u>	<u>179,744</u>
 Total fund balances	 <u>52,950</u>	 <u>96,100</u>	 <u>49,902</u>	 <u>198,952</u>
 Total liabilities and fund balances	 <u>\$89,911</u>	 <u>\$97,348</u>	 <u>\$49,902</u>	 <u>\$237,161</u>

*See accompanying notes and Accountants' Review Report.*

**Bear River City**  
**Reconciliation of the Balance Sheet of the Governmental**  
**Funds to the Statement of Net Assets**  
**June 30, 2006**

Total fund balances - governmental fund types	\$ 198,952
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	745,944
Revenues not considered available are deferred in the funds.	<u>17,403</u>
Net assets of government activities	<u><u>\$ 962,299</u></u>

*See accompanying notes and Accountants' Review Report.*

**Bear River City**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Balances - Governmental Funds**  
**For the Year Ended June 30, 2006**

	General Fund	Cemetery Fund	Other Fund	Total Governmental Funds
Revenues:				
Taxes				
Property	\$ 14,988	\$ -	\$ -	\$ 14,988
Sales	68,702	-	-	68,702
Other	10,207	-	-	10,207
Licenses and permits	7,836	-	-	7,836
Intergovernmental	37,152	-	-	37,152
Charges for services	11,151	4,450	-	15,601
Sale of assets	-	2,400	-	2,400
Earnings on investments	1,330	3,031	1,800	6,161
Insurance proceeds	24,325	-	-	24,325
Impact fees	12,600	-	-	12,600
Miscellaneous	364	-	-	364
Total revenues	<u>188,655</u>	<u>9,881</u>	<u>1,800</u>	<u>200,336</u>
Expenditures:				
Current:				
General government	90,272	-	-	90,272
Public safety	2,223	-	-	2,223
Streets and public improvements	28,300	-	-	28,300
Parks and recreation	22,083	-	-	22,083
Total expenditures	<u>142,878</u>	<u>-</u>	<u>-</u>	<u>142,878</u>
Excess (deficiency) of revenues over expenditures	<u>45,777</u>	<u>9,881</u>	<u>1,800</u>	<u>57,458</u>
Other financing sources (uses):				
Transfers in	8,690	-	11,393	20,083
Transfers out	(19,193)	(5,190)	-	(24,383)
Total other financing sources (uses)	<u>(10,503)</u>	<u>(5,190)</u>	<u>11,393</u>	<u>(4,300)</u>
Net change in fund balance	35,274	4,691	13,193	53,158
Fund balance beginning of year	<u>17,676</u>	<u>91,409</u>	<u>36,709</u>	<u>145,794</u>
Fund balance end of year	<u>\$ 52,950</u>	<u>\$96,100</u>	<u>\$49,902</u>	<u>\$198,952</u>

See accompanying notes and Accountants' Review Report.

**Bear River City**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of the Governmental Funds to**  
**the Statement of Activities**  
**June 30, 2006**

Amounts reported for governmental  
activities in the statement of  
activities are different because:

Net changes in fund balances - total governmental funds	\$ 53,158
--	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(10,368)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,628</u>
---	--------------

Change in net assets of govern- mental activities	<u>\$ 45,418</u>
--	------------------

*See accompanying notes and Accountants' Review Report.*



**Bear River City**  
**Statement of Net Assets - Proprietary Funds**  
**June 30, 2006**

	Business-Type Activities - Enterprise Funds			
	Irrigation Fund	Sewer Fund	Utility Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 18,567	\$308,193	\$41,502	\$368,262
Accounts receivable - net	7,223	2,555	3,979	13,757
Interfund receivable	-	-	1,500	1,500
Prepaid expense	7,701	-	-	7,701
Total current assets	<u>33,491</u>	<u>310,748</u>	<u>46,981</u>	<u>391,220</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	94,201	-	94,201
Advance to other fund	-	-	-	-
Capital assets (net of accumulated depreciation):				
Equipment	-	2,507	-	2,507
Improvements	170,501	136,112	-	306,613
Total noncurrent assets	<u>170,501</u>	<u>232,820</u>	<u>-</u>	<u>403,321</u>
Total assets	<u>203,992</u>	<u>543,568</u>	<u>46,981</u>	<u>794,541</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	5,707	2,324	2,820	10,851
Interfund payable	-	1,500	-	1,500
Deferred revenue	15,664	1,795	2,157	19,616
Current portion of long-term debt	4,300	7,000	-	11,300
Total current liabilities	<u>25,671</u>	<u>12,619</u>	<u>4,977</u>	<u>43,267</u>
Noncurrent liabilities:				
Note payable	25,800	-	-	25,800
Loan payable revenue bonds	-	32,500	-	32,500
Total noncurrent liabilities	<u>25,800</u>	<u>32,500</u>	<u>-</u>	<u>58,300</u>
Total liabilities	<u>51,471</u>	<u>45,119</u>	<u>4,977</u>	<u>101,567</u>
Net assets:				
Invested in capital assets, net of related debt	140,401	99,119	-	239,520
Unrestricted	12,120	399,330	42,004	453,454
Total net assets	<u>\$152,521</u>	<u>\$498,449</u>	<u>\$42,004</u>	<u>\$692,974</u>

*See accompanying notes and Accountants' Review Report.*

**Bear River City**  
**Statement of Revenues, Expenses and Changes in Fund**  
**Net Assets - Proprietary Funds**  
**For the Year Ended June 30, 2006**

	Business-Type Activities - Enterprise Funds			
	Irrigation Utility	Sewer Utility	Utility Fund	Total
Operating revenues:				
Charges for services	\$ 23,978	\$ 22,092	\$39,309	\$ 85,379
Other	<u>643</u>	<u>1,144</u>	<u>190</u>	<u>1,977</u>
Total operating revenues	24,621	23,236	39,499	87,356
Operating expenses:				
Wages and benefits	2,230	3,202	4,544	9,976
Contracted services	12,833	164	26,703	39,700
Materials and supplies	133	-	713	846
Maintenance and repairs	7,691	4,614	3,925	16,230
Professional services	-	2,834	-	2,834
Utilities and insurance	-	2,781	4,079	6,860
Depreciation	5,528	10,850	-	16,378
Bad debt	-	448	-	448
Miscellaneous	<u>-</u>	<u>858</u>	<u>-</u>	<u>858</u>
Total operating expenses	<u>28,415</u>	<u>25,751</u>	<u>39,964</u>	<u>94,130</u>
Operating income	(3,794)	(2,515)	(465)	(6,774)
Nonoperating revenues (expenses):				
Interest revenue	1,159	14,516	1,254	16,929
Impact fee revenue	-	18,000	-	18,000
Interest expense	<u>-</u>	<u>(2,325)</u>	<u>-</u>	<u>(2,325)</u>
Total nonoperating revenues (expenses)	<u>1,159</u>	<u>30,191</u>	<u>1,254</u>	<u>32,604</u>
Income (loss) before transfers	(2,635)	27,676	789	25,830
Transfers in	<u>4,121</u>	<u>179</u>	<u>-</u>	<u>4,300</u>
Change in net assets	1,486	27,855	789	30,130
Total net assets beginning	<u>151,035</u>	<u>470,594</u>	<u>41,215</u>	<u>662,844</u>
Total net assets ending	<u>\$152,521</u>	<u>\$498,449</u>	<u>\$42,004</u>	<u>\$692,974</u>

See accompanying notes and Accountants' Review Report.

**Bear River City**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2006**

	Business-Type Activities - Enterprise Funds			
	Irrigation Fund	Sewer Fund	Utility Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 18,076	\$ 24,775	\$ 39,627	\$ 82,478
Payments to suppliers	(16,172)	(22,235)	(35,619)	(74,026)
Payments to employees	(2,230)	(3,202)	(4,544)	(9,976)
Net cash provided by (used in) operating activities	(326)	(662)	(536)	(1,524)
Cash flows from noncapital financing financing activities:				
Interfund loan repayments received	-	5,000	-	5,000
Transfers in (out)	4,121	179	-	4,300
Net cash provided by noncapital financing activities	4,121	5,179	-	9,300
Cash flows from capital and related financing activities:				
Capital contributions	-	18,000	-	18,000
Purchases of capital assets	(9,695)	(2,504)	-	(12,199)
Principal paid on capital debt	(4,300)	(7,000)	-	(11,300)
Interest paid on capital debt	-	(2,325)	-	(2,325)
Net cash provided by (used in) capital and related financing activities	(13,995)	6,171	-	(7,824)
Cash flows from investing activities:				
Interest and dividends received	1,159	14,516	1,254	16,929
Net cash provided by (used in) investing activities	1,159	14,516	1,254	16,929
Net increase (decrease) in cash and cash equivalents	(9,041)	25,204	718	16,881
Cash and cash equivalents beginning	27,608	377,190	40,784	445,582
Cash and cash equivalents ending	\$ 18,567	\$402,394	\$ 41,502	\$ 462,463

*See accompanying notes and Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The government of Bear River City, Utah, is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the financial condition of the government. Bear River City is not a component unit of any other entity, nor does it have any component units for which the Government would be considered financially accountable.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. All individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statement rather than reported as an expenditure.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The government has the following fund types:

**Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues other than Class "C" road money available if they are collected within 30 days after year end. The City considers Class "C" road money to be available when the revenue is received. Expenditures are recorded when the related fund liability is incurred.

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City reports the following major governmental funds:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **cemetery fund** is used to account for revenues and expenses associated with maintenance and upkeep of the cemetery.

**Proprietary funds** are accounted for on the flow of economic resources, measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers to the system.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Enterprise funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City reports the following major proprietary funds:

The **irrigation fund** provides nonculinary water to the residents of the City.

The **sewer fund** is used to account for the activities of the sewer distribution operators.

See Accountants' Review Report.

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The **utility fund** is used to account for the garbage collection services and street light operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. *Cash and Investments*

The government's restricted and unrestricted cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with the original maturities of three months or less from the date of acquisition. Currently, the only investing is done with the State Treasurer's Investment Pool.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds", if they are not projected to be repaid within one year, and as "interfund receivable/payable" for amounts projected to be repaid within one year.

3. *Capital Assets*

Capital assets used in governmental fund type operations are accounted for in the governmental activities column in the statement of net assets, but not in governmental funds. Governmental capital assets consisting of certain improvements other than buildings, including roads, bridges, streets, drainage systems, lighting system, and some roads placed in service prior to June 30, 2003, have not been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation of all exhaustible capital assets is charged as an expense against its operations in the government-wide financial statements and the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide and proprietary fund statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings .....	25 - 50 years
Improvements .....	7 - 50 years
Equipment .....	3 - 20 years
Infrastructure .....	15 - 40 years

**4. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Budget and Budgetary Accounting**

The City follows the budget and budgetary accounting procedures established by Utah law and described in the Uniform Accounting Manual for Utah Cities and Towns. The current year budget was amended according to Utah law.

**F. Restricted Net Assets and Fund Balance**

Net assets have been restricted for Class "C" road purposes. The Class "C" road restriction represents funds received from the State of Utah Road Fund allotment to be used for future maintenance of the City's road network.

*See Accountants' Review Report.*



**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 2. DEPOSITS AND INVESTMENTS**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the deposit of the City's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

A. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, the City's carrying amount of deposits was \$304,496 and the bank balance was \$304,564. Of the bank balance, \$200,000 was covered by federal depository insurance and \$104,564 was uncollateralized.

B. Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities.

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

These statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the types of authorized investments.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses - net of administration fees - of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

As of June 30, 2006, the City had the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
State of Utah Public Treasurer's Investment Fund	<u>\$358,721</u>	<u>\$358,721</u>			

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

D. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2006, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	<u>\$358,721</u>				<u>\$358,721</u>

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable.

**NOTE 3. CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2006:

**Governmental Activities:**

	June 30, 2005 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	June 30, 2006 <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 83,130	\$ -	\$ -	\$ 83,130
Capital assets being depreciated:				
Infrastructure	228,359	-	-	228,359
Buildings and improvements	528,679	-	-	528,679
Machinery and equipment	<u>62,996</u>	<u>13,431</u>	<u>3,728</u>	<u>72,699</u>
Totals at historical cost	<u>903,164</u>	<u>13,431</u>	<u>3,728</u>	<u>912,867</u>
Less accumulated depreciation:				
Infrastructure	(31,194)	(5,957)		(37,151)
Buildings and improvements	(79,942)	(14,368)		(94,310)
Machinery and equipment	<u>(35,716)</u>	<u>(3,474)</u>	<u>(3,728)</u>	<u>(35,462)</u>
Total accumulated depreciation	<u>(146,852)</u>	<u>(23,799)</u>	<u>(3,728)</u>	<u>(166,923)</u>
Governmental activities capital assets - net	<u>\$ 756,312</u>	<u>\$ (10,368)</u>	<u>\$ -</u>	<u>\$ 745,944</u>

See Accountants' Review Report.

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 3. CAPITAL ASSETS (continued)**

**Business-Type Activities:**

	June 30, 2005 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	June 30, 2006 <u>Balance</u>
Capital assets being depreciated:				
Improvements other than buildings	\$ 680,026	\$ 12,199	\$ -	\$ 692,225
Equipment	<u>19,068</u>	<u>-</u>	<u>-</u>	<u>19,068</u>
Totals at historical cost	<u>699,094</u>	<u>12,199</u>	<u>-</u>	<u>711,293</u>
Less accumulated depreciation:				
Improvements other than buildings	(369,670)	(15,942)		(385,612)
Equipment	<u>(16,125)</u>	<u>(436)</u>	<u>-</u>	<u>(16,561)</u>
Total accumulated depreciation	<u>(385,795)</u>	<u>(16,378)</u>	<u>-</u>	<u>(402,173)</u>
Business-type activities capital assets - net	<u>\$ 313,299</u>	<u>\$ 28,577</u>	<u>\$ -</u>	<u>\$ 309,120</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 12,180
Highways and public improvements	6,411
Parks and recreation	<u>5,208</u>
 Total depreciation expense governmental activities	 <u>\$ 23,799</u>

**NOTE 4. LONG-TERM DEBT**

Proprietary Fund

Revenue Bond:

Water and sewer serial bonds in the amount of \$147,500, due in annual installments of \$7,000 plus interest through January, 2007, and then between \$7,000 and \$9,000 plus interest through January, 2012.

See Accountants' Review Report.

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 4. LONG-TERM DEBT (Continued)**

Note Payable:

Note payable to Bear River Canal Company in the amount of \$88,752 due in twenty-two (22) annual installments equal to or greater than \$4,200 through December, 2013; no interest unless payment is delinquent - delinquent payments are subject to interest charge of 18.0 percent per annum.

	June 30, 2005 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	June 30, 2006 <u>Balance</u>	Current <u>Portion</u>
Note and bond payable:					
Revenue bond payable	\$46,500	\$ -	\$ 7,000	\$39,500	\$ 7,000
Note payable	<u>34,400</u>	<u>-</u>	<u>4,300</u>	<u>30,100</u>	<u>4,300</u>
 Total long-term liabilities	 <u>\$80,900</u>	 <u>\$ -</u>	 <u>\$11,300</u>	 <u>\$69,600</u>	 <u>\$11,300</u>

Debt Service Requirements:

Debt service requirements for the proprietary funds long-term debt at June 30, 2006, were as follows:

	<u>Principle</u>	<u>Interest</u>
Year ending June 30:		
2007	\$ 11,300	\$ 1,975
2008	12,300	1,625
2009	11,300	1,225
2010	13,300	875
2011	12,800	425
2012-2016	<u>8,600</u>	<u>-</u>
 Total	 <u>\$ 69,600</u>	 <u>\$ 6,125</u>

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 5. PROPERTY TAX**

Property taxes attached as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of GASB. Property taxes received within thirty (30) days of year end are recognized as revenue at the fiscal year end.

**NOTE 6. RISK MANAGEMENT**

Bear River City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. All general liability, real property and all vehicles, including heavy equipment, are insured through the Utah Local Government Trust. Injuries to employees are insured through employees' workers compensation. Settled claims have not exceeded the City's insurance coverage for any of the past three years. For insured programs, there have been no significant reductions in insurance coverage.

**NOTE 7. RESTRICTED ASSET**

The restricted assets in the financial statements reflect impact fees collected that had not been spent by June 30, 2006.

**NOTE 8. INTERFUND TRANSFERS**

For the year ended June 30, 2006, the City made the following interfund transfers:

a. The transfer of \$11,393 from the general fund to the other fund represents additional amounts being set aside for large future improvements.

b. The transfer of \$3,000 from the other fund to the general fund to fund improvements at the Civic Center.

*See Accountants' Review Report.*

**Bear River City**  
**Notes to Financial Statements (Continued)**  
**June 30, 2006**

**NOTE 8. INTERFUND TRANSFERS (Continued)**

c. The transfer of \$5,150 from the cemetery fund to the general fund to fund maintenance of the cemetery.

d. The transfer of \$4,300 from the general fund to the irrigation fund to provide funding for the note payment.

*See Accountants' Review Report.*



*Required Supplementary  
Information*

**Bear River City  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes				
Property	\$ 15,690	\$ 15,690	\$ 14,988	\$ (702)
Sales	57,000	62,000	68,702	6,702
Other	7,300	10,953	10,207	(746)
Licenses and permits	14,450	14,950	7,836	(7,114)
Intergovernmental	37,450	37,450	37,152	(298)
Charges for services	22,151	23,284	11,151	(12,133)
Earnings on investments	590	590	1,330	740
Insurance proceeds	-	25,000	24,325	(675)
Impact fees	-	-	12,600	12,600
Miscellaneous	<u>45</u>	<u>45</u>	<u>364</u>	<u>319</u>
Total revenues	<u>154,676</u>	<u>189,962</u>	<u>188,655</u>	<u>(1,307)</u>
<b>Expenditures:</b>				
General government	70,283	107,483	90,272	17,211
Public safety	1,500	1,500	2,223	(723)
Highways and public improvements	37,001	38,057	28,300	9,757
Parks and recreation	<u>36,492</u>	<u>41,017</u>	<u>22,083</u>	<u>18,934</u>
Total expenditures	<u>145,276</u>	<u>188,057</u>	<u>142,878</u>	<u>45,179</u>
Excess (deficiency) of revenues over expenditures	9,400	1,905	45,777	43,872
<b>Other financing sources (uses):</b>				
Transfers in		5,000	8,690	(3,690)
Transfers out	<u>(9,300)</u>	<u>-</u>	<u>(19,193)</u>	<u>(19,193)</u>
Total other financing sources (uses)	<u>(9,300)</u>	<u>5,000</u>	<u>(10,503)</u>	<u>(22,883)</u>
Net change in fund balances	100	6,905	35,274	20,989
Fund balance beginning	<u>17,676</u>	<u>17,676</u>	<u>17,676</u>	<u>-</u>
Fund balance ending	<u>\$ 17,776</u>	<u>\$ 24,581</u>	<u>\$ 52,950</u>	<u>\$ 28,369</u>

*See Accountants' Review Report.*

**Bear River City**  
**Note to Budgetary Comparison Schedule**  
**June 30, 2006**

The Public Safety Department of the general fund had expenditures in excess of budget of \$723 for the year ended June 30, 2006. This is a violation of state law.

*See Accountants' Review Report.*

*Other Supplementary  
Information*

**Bear River City  
Impact Fee Worksheet  
For the Year Ended June 30, 2006**

	<u>General Fund</u>		
	<u>Roads</u>	<u>Parks</u>	<u>Sewer</u>
Impact fees balances at June 30:			
2001	\$ -	\$ -	\$ 7,534
2002	-	-	13,300
2003	-	-	15,926
2004	-	-	15,862
2005	-	-	8,812
	<u>-</u>	<u>-</u>	<u>61,434</u>
Total impact fees	<u>-</u>	<u>-</u>	<u>61,434</u>
Transactions during fiscal year ended June 30, 2006:			
Impact fees received	9,600	3,000	18,000
Interest earned	267	83	3,317
Qualifying expenditures			
Engineering - lift station	-	-	(3,504)
	<u>-</u>	<u>-</u>	<u>(3,504)</u>
Ending balance - June 30, 2006	<u>\$ 9,867</u>	<u>\$ 3,083</u>	<u>\$ 79,247</u>

The sewer impact fee is scheduled to be spent in 2007 and 2008 to put in a new sewer line and lift station.

The qualified projects for the road and parks impact fees have not been determined.

*See Accountants' Review Report.*